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THE Wool SITUATION

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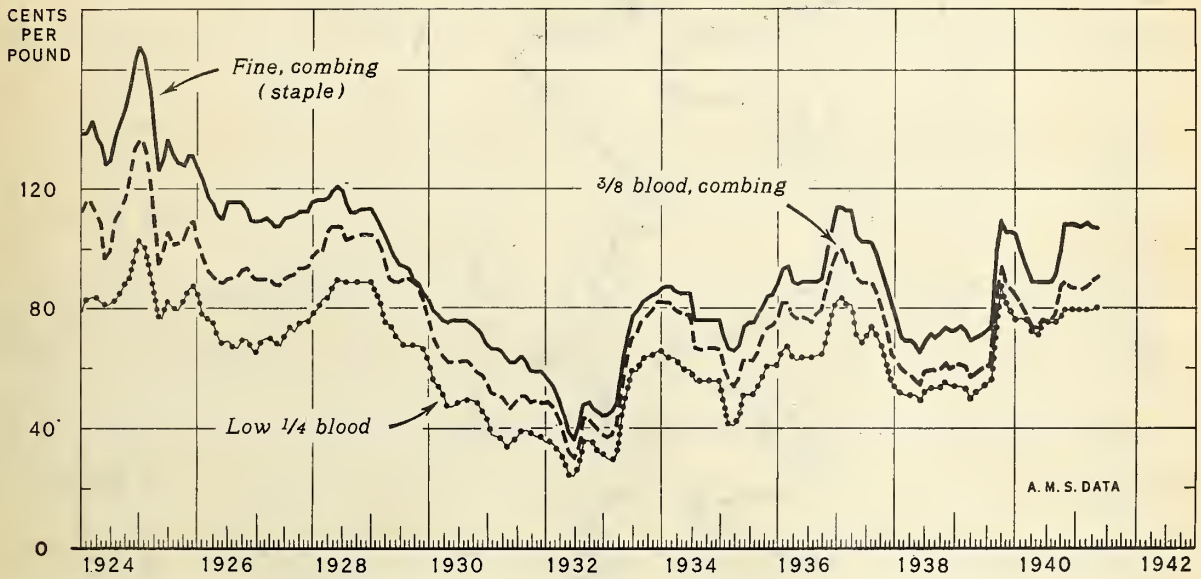
WOOL, TERRITORY, SCOURED BASIS: AVERAGE PRICES AT BOSTON, 1924-41



U. S. DEPARTMENT OF AGRICULTURE NEG. 19684 BUREAU OF AGRICULTURAL ECONOMICS

DOMESTIC WOOL PRICES ADVANCED SHARPLY IN THE FALL OF 1940, REFLECTING THE INCREASED MILL DEMAND FOR WOOL TO FILL ARMY CONTRACTS AND THE RELATIVELY SMALL SUPPLIES OF WOOL ON HAND IN THIS COUNTRY. THE RECEIPT OF LARGE QUANTITIES OF FOREIGN WOOL TO SUPPLEMENT THE DOMESTIC SUPPLY CHECKED THE SHARP ADVANCE IN DOMESTIC PRICES, AND PRICES AT BOSTON HAVE FLUCTUATED WITHIN A NARROW RANGE IN THE LAST 7 MONTHS. PRICES OF DOMESTIC WOOL AT BOSTON ARE NOW HIGHER THAN AT ANY TIME SINCE 1929 WITH THE EXCEPTION OF SHORT PERIODS IN 1937 AND 1939.

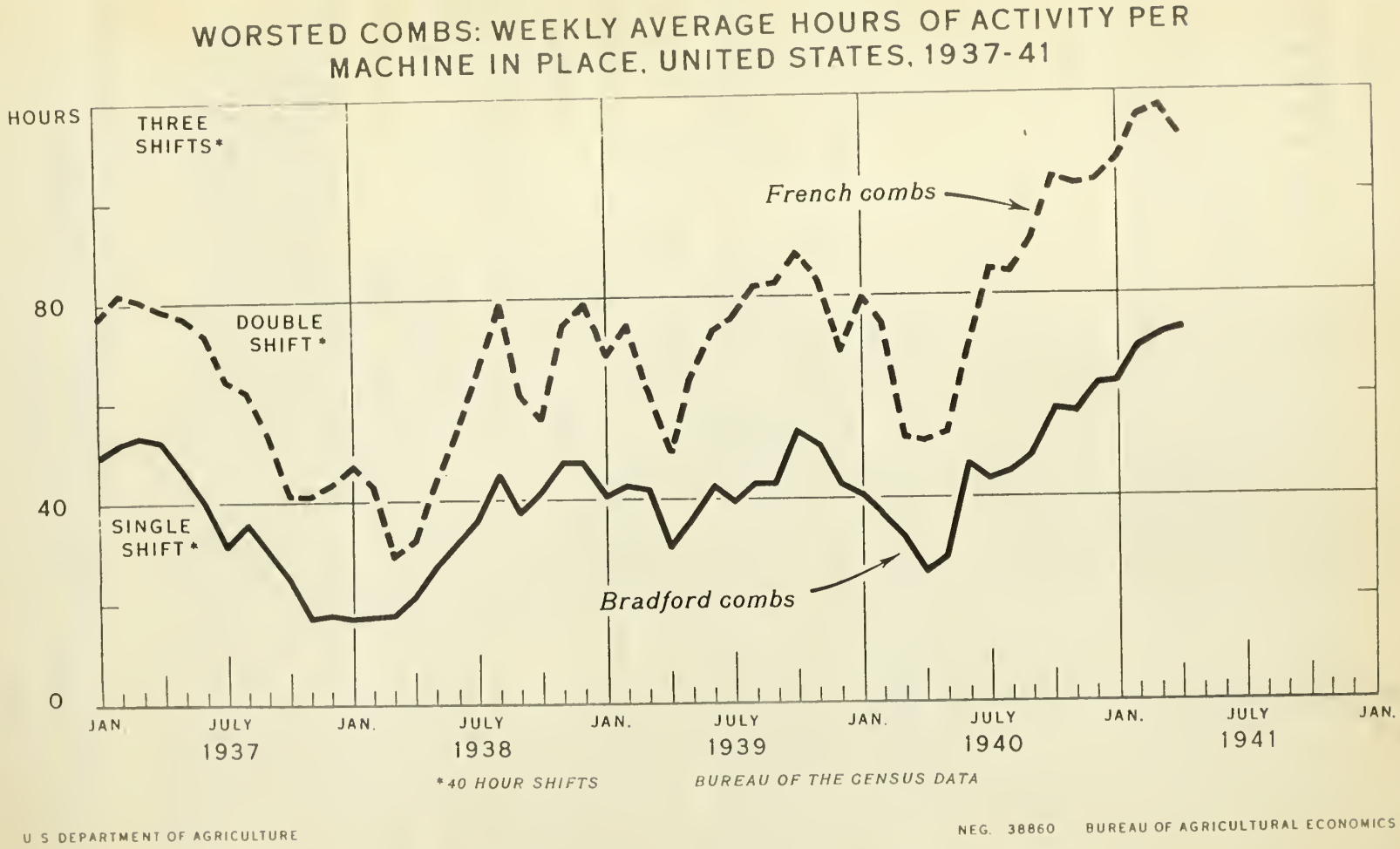


FIGURE 1.- THE PREPARATION OF WOOL TO FILL ARMY CONTRACTS HAS RESULTED IN RECORD ACTIVITY IN THE FRENCH COMBING SECTION OF THE WOOL MANUFACTURING INDUSTRY. ACTIVITY OF FRENCH COMBS IN THE FIRST 4 MONTHS OF 1941 WAS EQUIVALENT TO 112 HOURS A WEEK FOR EACH COMB IN PLACE. ALLOWING FOR MACHINES NOT IN USE, IT IS LIKELY THAT THIS BRANCH OF THE INDUSTRY WORKED CLOSE TO THREE-SHIFT CAPACITY. THE CAPACITY OF BRADFORD COMBS APPARENTLY IS MORE ADEQUATE FOR RECENT COMBING REQUIREMENTS.

THE WOOL SITUATION

Summary

Much of the 1941 wool clip has been marketed and is now moving from producing centers. Prices received by farmers this spring are about 30 percent higher than a year earlier and are higher than at any time since 1928-29. The small carry-over of domestic wools, prospects for a record mill consumption in 1941, and the uncertainty of shipping facilities for foreign wools are important factors in the higher prices for domestic wools this year.

Unfilled orders for men's wear cloth reported in April were large enough to support a record rate of activity through the third quarter of 1941. It is expected that additional orders for army materials will be placed under the 1941-42 appropriation which becomes available July 1. If the rate of mill consumption reported in the first quarter of 1941 is maintained through the year, as now appears likely, consumption of apparel wool in 1941 will be about 450 million pounds, scoured basis. The largest consumption previously reported was 371 million pounds in 1918.

Mill consumption of apparel wool in April was slightly smaller than the record consumption in March. But the April consumption was 2-2/3 times as large as in April 1940 and was the second highest monthly consumption on record.

Imports reported so far this year have been larger than in the corresponding period of any previous year. With the new domestic clip now available, imports are likely to decline in the late spring and summer. But total 1941 imports are expected to surpass the previous record of 378 million pounds set in 1918.

Exports of wool from Argentina and Uruguay in the first 7 months (Oct.-Apr.) of the current export season totaled 379 million pounds and were larger than those for the same months of any recent year. About 85 percent of the shipments from October through April were to the United States. Unsold stocks in South America are relatively small, and offerings will be restricted until the new clip becomes available in October and November.

Wool production in Australia in the 1940-41 season is officially estimated at 1,090 million pounds, grease basis. This is only 3 percent smaller than the record production in 1939-40 and is almost 10 percent larger than average production in the 5 years 1934-38.

-- June 10, 1941

REVIEW OF RECENT DEVELOPMENTS

Farm price of wool higher in May

The United States average price of wool received by farmers was 36.1 cents a pound on May 15 compared with 34.7 cents on April 15 and 27.6 cents on May 15, 1940. The price in May was 2.9 cents higher than in April 1937, the previous high for recent years, and was the highest since September 1928. The large use of domestic wools in army fabrics has been an important factor in the price increase during the past year.

Farm sales of the 1941 clip are now well advanced in most centers. Considerable wool of the current clip was contracted before shearing, particularly in the Western States.

Market prices of medium wools strengthen in May

Prices of domestic wool at Boston have fluctuated within narrow limits in the last 7 months. The strengthening influence of short supplies of domestic wool and a record level of mill consumption was offset by large imports of foreign wools, particularly of the finer grades. Prices of fine combing territory wools averaged $1.085 a pound, scoured basis, in November and $1.07 in May, a decline of 1.5 cents a pound. Prices of territory 3/8 blood combing wools averaged 88.5 cents a pound, scoured basis, in November, declined to 86.2 cents in February, and then increased to 90.8 cents in May.

Demand at Boston in May was chiefly for medium grades of wool. Prices of 3/8 and 1/4 blood grades of Ohio and similar bright fleece wools averaged 46.5 cents a pound, grease basis, in the last week of May compared with 45 cents a month earlier and 37.5 cents a year earlier. Demand for fine domestic wools was light in May and prices were mostly unchanged.

Mills and topmakers appeared to be well covered on most needs for current manufacturing operations. Their stocks were being replenished steadily by receipts of foreign wools and deliveries of domestic wools which had been under contract since the winter months, according to reports of the Agricultural Marketing Service.

Prices of foreign wools at Boston firm in May

Trading in spot foreign wools at Boston was fairly active in May, and sizable orders were placed for both Australian and South American wools for future delivery. Prices were firm, mostly at the levels of the previous month. Fine combing Australian wools sold at $1.00-$1.04 a pound, scoured basis, including duty, and fine South American wools at $.98-$1.04. Prices of South American crossbreds were firm at 90-93 cents a pound, scoured basis, including duty, for 3/8 blood and 87-90 cents for 1/4 blood.

Imports large

Import statistics for April are not available at this time. Imports of apparel wool for consumption[1/] for the first 3 months of this year, totaling 157 million pounds, were the largest on record for those months.

Mill consumption in April slightly below March record consumption

Mill consumption of apparel wool averaged 9,394,000 pounds a week, scoured basis, in April compared with the revised estimate of 9,854,000 pounds in March and 3,494,000 pounds in April 1940. Consumption was at the low point of the year in April 1940 and increased rapidly from that point to reach a new high for the 22 years of record in March 1941. The weekly rate of consumption for the first 4 months of 1941 was 9,041,000 pounds. Consumption in 1918, the highest on record, averaged 7,110,000 pounds a week, scoured basis.

Consumption of apparel wool in the first 4 months of 1941 was equivalent to 310 million pounds greasy shorn and pulled. In the same months last year mill consumption on a grease basis totaled 165 million pounds. About 157 million pounds of the wool consumed in the first 4 months of this year were domestic wool and 153 million pounds were foreign.

Consumption of carpet wool declined slightly in April, but the April consumption was twice as large as in April last year.

Unfilled orders for civilian wear up sharply in first quarter

Unfilled orders for woven cloth reported by mills on March 29 were almost 3 times as large as a year earlier, according to statistics published by the National Association of Wool Manufacturers. About two-thirds of the unfilled orders for men's wear were for civilian uses. Civilian orders,

1/ Wool entered for immediate consumption plus wool withdrawn from bonded warehouses on which duty has been paid.

totaling 40 million linear yards, were the largest reported since the early months of 1937. Unfilled orders for men's wear for Government use were slightly smaller on March 29 than on December 29. But the unfilled orders reported on March 29 did not include the large Government purchase of worsted cloths for army use on which bids were invited in February, as awards did not enter records until April. These awards to the 119 reporting firms total about 12 million yards.

Unfilled orders for woven cloth reported by 119 mills, beginning of each quarter, 1938-41 1/

Quarter beginning	Men's wear			Women's wear	Auto cloths 2/	Total
	Government	Other	Total			
	1,000 linear yards	1,000 linear yards	1,000 linear yards	1,000 linear yards	1,000 linear yards	1,000 linear yards
1938						
January ..	3,944	10,924	14,868	6,043	2,055	22,966
April	2,293	6,293	8,586	4,139	1,894	14,619
July	995	13,286	14,281	8,041	1,315	23,637
October ..	785	13,777	14,562	6,541	1,968	23,071
1939						
January ..	844	24,456	25,300	8,951	1,782	36,033
April	565	22,905	23,470	5,252	834	29,556
July	661	19,913	20,574	11,526	1,824	33,924
October ..	635	31,887	32,522	9,260	3,244	45,026
1940						
January ..	1,376	23,438	24,814	9,204	2,005	36,023
April	748	21,297	22,045	4,429	1,136	27,610
July	9,436	17,564	27,000	12,933	3,064	42,997
October ..	12,806	19,200	32,006	10,919	2,927	45,852
1941						
January ..	28,457	25,799	54,256	11,403	2,494	68,153
April 3/ .	20,148	40,256	60,404	12,170	2,675	75,249

Compiled from Monthly Statistics of Wool Manufacture, published by the National Association of Wool Manufacturers. Statistics are for cloth containing by weight over 25 percent of yarns spun on the woolen and worsted system. Cloth less than 50 inches wide reported in equivalent 54-inch yardage.
1/ Reports are for specified dates, near the beginning of each quarter.
2/ Excludes cloth with pile or jacquard design.
3/ Mar. 29.

South American wool prices higher in May; selling season about over

Active buying by local Argentine mills to assure adequate supplies for the balance of the year was chiefly responsible for an advance in prices of

fine and fine crossbred wools in Argentina in May. United States buyers continued to purchase desirable wools of practically all descriptions, but sales were limited by the scarcity of supplies. Shipments from Buenos Aires continued large in May. Such shipments probably included considerable wool purchased in earlier months.

South American exports largest in recent years

Exports from Argentina and Uruguay in the first 7 months (Oct.-Apr.) of the current season were larger than in any recent year. Exports from the 2 countries totaled 379 million pounds compared with 296.6 million pounds in the same months last season and a 5-year average for those months of 286.9 million pounds. About 85 percent of the shipments from Argentina and Uruguay in the first 7 months of the season were to the United States. In the 5 years 1935-39, only 16 percent of shipments from Argentina and Uruguay were to the United States. The increase in United States purchases in the current season has more than offset the loss to Argentina and Uruguay of the European market.

Exports of wool from Argentina and Uruguay in the first 7 months (October-April) of the export season, 1934-40 1/

Period beginning October 1	Argentina		Uruguay		Two countries	
	United States 2/	Total	United States	Total	United States	Total
	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds
1934	19.3	205.6	1.1	70.6	20.4	276.2
1935	39.1	214.6	21.0	88.8	60.1	303.4
1936	63.4	229.3	25.9	101.8	89.3	331.1
1937	6.9	150.1	0.5	52.2	7.4	202.3
1938	49.2	248.5	5.5	73.3	54.7	321.8
5-year average ..	35.6	209.6	10.8	77.3	46.4	286.9
1939	98.1	210.7	26.9	85.9	125.0	296.6
1940	229.8	273.0	93.8	106.0	323.6	379.0

Compiled from commercial reports supplied by the Buenos Aires Office of Foreign Agricultural Relations.
1/ Weight of greasy, scoured and skin wool as reported.
2/ Includes small shipments to Canada in some years.

Australian wool production in 1940-41 slightly smaller than 1939-40 record clip

Wool production in Australia in the 1940-41 season which ends June 30 is officially estimated at 1,090 million pounds, grease basis. This is only 3 percent smaller than the 1939-40 record production, which is now officially placed at 1,128 million pounds. Average production for the 5 seasons 1934-35 through 1938-39 was 995 million pounds.

Wool production in Australia 1934-35 - 1940-41

Season July-June	Shorn and pulled wool	Wool exported on skins	Total
	Million pounds	Million pounds	Million pounds
1934-35	962	53	1,015
1935-36	917	54	971
1936-37	928	55	983
1937-38	963	60	1,023
1938-39	925	58	984
1939-40	1/	1/	1,128
1940-41	1/	1/	1,090

Australian Bureau of Census and Statistics.
1/ Not separately reported.

Disposal of Australian clip favorable in view of present conditions

Official data on wool sales and exports from Australia are not available under the present emergency. But such information as is available on distribution in 1940-41 indicates that the carry-over of wool in the current season will not be so large as was expected previously.

A stockpile of 250 million pounds of Australian wool from the 1940-41 clip is to be shipped to the United States for storage, under arrangements between the British Wool Control and the United States Government. In addition, commercial orders from the United States have been large in the current season, probably totaling between 150 and 200 million pounds. Trade reports indicate that sales to other countries probably account for about 100 million pounds, and Australian mills are expected to consume more than 125 million pounds during the 1940-41 season. This indicates disposal of about 650 million pounds, or 60 percent of the 1940-41 clip, without taking into account shipments to the United Kingdom. In the 1938-39 season shipments to the United Kingdom totaled about 370 million pounds, but shipments increased sharply in the first year of the war.

Because of shipping difficulties it is unlikely that all wool purchased by commercial interests or intended for storage in the United States will be shipped from Australia by the close of the 1940-41 season (June 30, 1941), but shipments will continue as transportation is arranged.

OUTLOOK

BACKGROUND. Domestic mill consumption of apparel wool was relatively low in the first half of 1940 but increased rapidly in the second half of the year, stimulated by large orders for wool fabrics for Army use. Consumption in 1940, totaling 310 million pounds, scoured basis, was larger than in any recent year except 1935. Mill consumption averaged 280 million pounds (scoured basis) a year in the 5 years 1935-39. Consumption was maintained at a record level in the first quarter of 1941.

Because stocks of wool in the United States in early 1940 were relatively small, the large consumption in the latter part of 1940 was accompanied by a sharp increase in imports of apparel wool. Imports in 1940, totaling 223 million pounds (mostly grease basis), were the largest since 1923. In the 5 years 1935-39 imports of apparel wool averaged 86 million pounds a year.

Domestic wool prices at Boston increased 15 to 20 percent in the latter part of 1940, and remained quite steady in the early months of 1941 despite record imports of foreign wools. Prices received by farmers increased steadily in the latter part of 1940 and early months of 1941. As the new season got under way in April 1941 prices received by growers for wool were higher than at any time since 1929.

Mill consumption

As has been indicated in earlier issues of the Wool Situation, domestic mill consumption of apparel wool will continue at a high level through 1941, and consumption for the year will exceed that of all other years on record. The large use of wools in Army fabrics and increased demand for wool for civilian purposes are the important reasons for the large consumption.

At the beginning of April, mills reporting to the National Association of Wool Manufacturers held unfilled orders for men's wear materials totaling about 72 million linear yards. This includes the large Army orders for worsted fabrics placed in the early part of April. Such orders were equivalent to more than 5 months of activity at the rate of delivery of men's wear fabrics reported in the first quarter of 1941. It is likely that additional Government orders will be placed under the 1941-42 appropriation which becomes available July 1.

In the first quarter of 1941 mill consumption of apparel wool totaled 115 million pounds scoured basis (about 223 million pounds, greasy shorn and pulled). If this rate is maintained through the year, as now seems likely, consumption for 1941 will be about 450 million pounds scoured basis, or close to 900 million pounds, grease basis. The largest annual consumption previously reported was 371 million pounds, scoured basis, in 1918.

Wool imports

Domestic production of wool in 1941 is not expected to differ greatly from the 1940 production of 450 million pounds. If mill consumption reaches 900 million pounds, grease basis, and if stocks at the end of 1941 are to be maintained at the level of the last 2 years, about 450 million pounds must be supplied by imports. A total of 450 million pounds in 1941 would be larger than imports in any previous year. The largest total previously reported was 378 million pounds imported in 1918.

Receipts 2/ of foreign apparel wool for commercial purposes (excluding wool for storage on account of the British Government) totaled about 200

2/ Includes wool entered for immediate consumption and wool placed in bonded warehouses for later withdrawal.

million pounds in the first 3 months of 1941. Imports of apparel wool have been large in recent months because of the relatively small supplies of domestic wool and the need for large quantities of wool to complete Army orders.

With the new domestic clip becoming available, supplies of domestic wool will be fairly large in the next few months. And unsold supplies in South American markets will be relatively small until the new season opens in October or November. Because of these factors, wool imports are likely to decline in the late spring and summer. However, a considerable quantity of wool purchased by United States buyers in Australia and South America was awaiting shipment on May 1 and such wool will continue to arrive as shipping space is obtained.

Imports are likely to be large in the late fall and winter of 1941-42. The uncertainty of shipping facilities will tend to encourage early purchasing of wools in the Southern Hemisphere in the 1941-42 season, which opens in the fall.

Wool prices

The record mill consumption in 1941 will be a strong supporting factor to domestic wool prices. Developments in foreign wool markets in the next few months are not likely to weaken the domestic price situation. Unsold stocks of wool in South America are relatively small and will not be replenished until the new clip becomes available in October and November. Supplies of fine wool in the Union of South Africa and Australia probably are fairly large, but the entire production of those countries is under control of the British Government and is being sold at fixed prices by that Government. In the past year the British Wool Control has followed a policy of maintaining a relatively high level of prices for wool released for export to other countries. The scarcity of shipping space and the rapid advance in freight rates will limit the availability of this wool to the United States.

Government announces wool needs for year

The total amount of wool which is likely to be needed to meet the requirements of all Government procurement agencies during the 1942 fiscal year - July 1, 1941 to June 30, 1942 - is estimated at 259 million pounds in a statement issued by Donald M. Nelson, Director of Purchases, O. P. M. This estimate includes probable requirements for all types of woolen goods by the United States Army and Navy, the Treasury Procurement Division, the Red Cross, Works Projects Administration, and all other Government departments. It is based on the quantity of wool in finished items scheduled for delivery during the 1942 fiscal year.

The estimate quoted is on a domestic grease basis and is made on the assumption that the size of the United States Army remains at its present authorized level of 1,400,000 men.

During the fiscal year which ends on June 30, 1941 total requirements of wool goods for all Government procurement agencies called for approximately 244 million pounds of wool, Mr. Nelson said.

The requirements by grade groups for 1942 are as follows:

64s - 70s (fine)	73,400,000	pounds
60s (1/2 blood)	45,500,000	"
56s, 58s - 60s (3/8 and 1/2 blood)	127,900,000	"
44s	12,000,000	"
Total	258,800,000	"

The large proportion of 56s and 58s - 60s in the 1941-42 requirements is in contrast to 1940-41 when these grades formed less than one-fourth of the requirement for Army materials. About one-half of the 1940-41 requirements for Army use were 64s or finer.

Prices of wool per pound in specified markets, and prices of textile raw materials in the United States, selected periods, 1939-41

Market and description	Average 1939	Average 1940	High 1939 1/	1940 May	1941 Mar.	1941 Apr.	1941 May
	Cents	Cents	Cents	Cents	Cents	Cents	Cents
United States:							
Boston market -							
Territory, scoured basis-							
64s, 70s, 80s (fine) staple	82.7	96.3	109.5	88.5	108.5	107.6	107.0
56s (3/8 blood) combing	69.3	79.7	94.1	73.5	87.1	89.4	90.8
46s (low 1/4 blood)	62.6	76.1	87.5	71.2	79.5	79.5	80.0
Bright fleece, greasy-							
64s, 70s, 80s (fine) delaine	32.9	38.0	43.0	33.5	43.0	42.8	42.8
56s (3/8 blood) combing	36.2	41.2	48.8	37.1	44.0	44.8	46.1
46s (low 1/4 blood)	35.5	41.0	49.0	36.0	43.5	43.5	44.2
Foreign wool - in bond at Boston 2/							
Sydney - scoured basis							
64s, 70s, combing	58.6	67.9	79.2	67.5	74.0	74.0	74.0
Cape - scoured basis							
12 months, combing	53.7	62.9	73.8	61.0	72.5	72.5	72.5
Montevideo - grease basis							
Merinos (60-64s)	26.1	31.2	36.5	32.1	39.4	41.0	41.0
1s (56s)	28.3	32.4	38.5	33.0	36.7	37.4	37.8
Prices received by farmers, grease basis, 15th of month	22.3	3/28.4	28.7	27.6	33.4	34.7	36.1
Textile fibers:							
Wool, territory fine staple 4/	82.7	96.3	109.5	88.5	108.5	107.6	107.0
Cotton, 15/16" Middling 5/	9.30	10.17	10.84	10.11	10.58	11.09	12.44
Silk, Japanese 6/	271.8	278.1	392.1	279.4	281.6	283.4	288.6
Rayon yarn, 150 denier 7/	51.5	53.0	53.0	53.0	53.0	53.0	53.0
Rayon staple fiber 8/							
Viscose 1-1/2 denier	25.0	25.0	25.0	25.0	25.0	25.0	25.0
Acetate 5 denier	46.0	43.0	46.0	43.0	43.0	43.0	43.0

Compiled from reports of the Agricultural Marketing Service except as otherwise noted. 1/ Highest monthly average price. 2/ Before payment of duty. Compiled from the Boston Commercial Bulletin. 3/ Preliminary. 4/ Scoured basis, Boston market. 5/ Average at 10 markets. 6/ White, 13-15 denier, at New York, Bureau of Labor Statistics. 7/ Domestic yarn, first quality, Bureau of Labor Statistics. 8/ F.o.b. producing plants, Bureau of Labor Statistics.

United States: Wool imports, consumption, and machinery activity selected periods 1939-41

Item	Year 1939	Year 1940	Jan.-Apr. 1940	Jan.-Apr. 1941	Apr. 1940	Mar. 1941	Apr. 1941
	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds
Imports for consumption, actual weight 1/:							
Apparel	98,194	222,983	77,828	2/	12,038	50,057	2/
Finer than 40s	74,612	199,149	69,941		10,259	46,776	
Not finer than 40s	23,582	23,834	7,887		1,779	3,281	
Carpet, including camels hair	144,875	134,691	64,361	2/	9,837	21,950	2/
Mill consumption 3/:							
Grease basis 4/ -							
Apparel	630,150	640,871	164,736	309,597	33,823	74,300	85,505
Carpet	148,513	137,494	48,514	66,022	11,733	15,854	19,019
Scoured basis -							
Aggregate -							
Apparel	293,083	310,021	84,671	162,731	17,471	39,416	46,970
Carpet	103,421	97,852	34,245	45,780	8,544	11,006	13,097
Weekly average -							
Apparel	5,636	5,962	4,704	9,041	3,494	9,854	9,394
Carpet	1,989	1,882	1,902	2,543	1,308	2,752	2,619
			Weekly average in hours				
Machinery activity 3/:							
Hours operated per machine in place -							
Worsted combs	51.8	55.1	43.4	83.4	33.6	86.6	85.9
Worsted spindles	39.6	37.8	29.3	56.0	24.9	56.9	59.3
Woolen spindles	39.8	43.1	36.0	58.0	31.2	59.1	61.2
Woolen and worsted looms -							
Broad	40.7	38.8	33.3	57.4	25.8	58.8	60.0
Narrow	13.2	13.5	12.6	20.6	10.3	18.5	29.7
Carpet and rug looms -							
Broad	37.4	37.8	40.7	49.0	38.1	52.2	51.4
Narrow	22.7	22.0	22.2	30.4	22.5	32.6	32.8

Import figures from the Bureau of Foreign and Domestic Commerce. Consumption and machinery activity from the Bureau of the Census.

1/ Weight of greasy, scoured, and skin wool added together.

2/ April imports not yet available.

3/ Figures for April based on 5 weeks, March on 4 weeks, January-April on 18 weeks. No adjustments made for holidays.

4/ Total of shorn and pulled wool. Pulled wool, grease basis, is in condition received from pulleries and is mostly washed.